

Out-of-State Sellers:

Do You
Need to
Register
with
California?



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Do I need to collect California sales and use tax when my business is located outside the state?

You may. Retailers based outside California are required to pay California sales or use tax on sales of merchandise to California customers if they have *nexus*—a definite link or minimum connection to the state. If this link or connection exists for your business, you are regarded as “engaged in business” in the state and must register to pay sales and/or use tax.

Please note: This pamphlet describes in general terms the registration requirements for out-of-state retailers. It should not be considered a comprehensive guide. If your circumstances differ from those described in this pamphlet, please contact our Out-of-State District Office for guidance (see inside).

Am I engaged in business in California?

You are engaged in business in California if situation 1, 2, or 3 applies to your operations.

1. Business location in California

You have a permanent or temporary office, distribution center, sales or sample room, warehouse, or other physical place of business in California.

2. Representative in California

Your business does not have a physical location in California, but you have a representative in the state who makes

sales, takes orders, installs merchandise, trains customers, or makes deliveries.

3. Leases of property in California

You receive rental payments from the lease of tangible personal property that is located in California.

You are *not* engaged in business in California if situation 4 or 5 applies to your operations. You generally are not required to register to pay California sales or use tax.

4. Trade shows

You are physically present in California only

- To engage in convention and trade show activities for not more than 15 days during any 12-month period, *and*
- During the prior calendar year, you did not earn more than \$100,000 of net income from those activities in this state.

However, if you sell any merchandise at a trade show, or take orders for merchandise delivered later to California customers, you must collect and remit use tax on those sales even though you’re not required to hold an ongoing permit. For more information, contact our Out-of-State District Office (see inside).

5. Shipping by Common Carrier

Your only connection with California is to ship products to customers by U.S. Mail or other common carrier.

Examples of situations that require California sales or use tax registration

Sales representatives

You have a representative who operates under your authority to sell or take orders in California for any goods or merchandise. (See California Revenue and Taxation Code section 6203(c)(2)).

Example: Your company does not have inventory in California or employees who sell in this state. Instead, you use an independent representative who sells your product along with many others. The representative works on a commission-only basis.

Installations

You provide installation in California using your own employees or contractors. (See California Revenue and Taxation Code section 6203(c)(2)).

Example: You maintain a single facility in Arizona where you design and sell computer systems. All of your sales are made by mail order or over the Internet. On request, you will send employees to California to install the equipment for your customer.

Training

You provide training services in California related to a specific sale of goods or merchandise.

Example: Your Virginia-based business does not have sales representatives or inventory in California. However, one of your customer service representatives routinely comes to California to provide training on the computer programs you sell on disk and CD-ROM.

Leasing

You receive payments from the lease of equipment or merchandise located in California and you have not already paid California sales or use tax on the purchase of that equipment or merchandise.

Example: Your Nevada car dealership leases cars to California residents who drive them in this state. You have no other business connection to California.

Which application do I need?

You'll need to complete one of the following applications:

For businesses with inventory in California:

Application for Seller's Permit—Corporation (BOE-400-MCO)

Application for Seller's Permit—Individual/Partnership (BOE-400-MIP)

For businesses engaged in business in California who do not have inventory in the state:

Application for a Certificate of Registration—Use Tax Account (BOE-400-MCR)

For businesses who need a permit because of sales at a trade show or temporary event:

Application for Seller's Permit—Temporary
(BOE-400-MT)

All applications are on our website:
www.boe.ca.gov/staxforms.htm or available from
our Information Center: 800-400-7115.

Whom do I contact if I'm unsure of my requirements?

We are happy to help you determine whether
you must register for a California sales or use
tax permit. Please contact our Out-of-State
District Office:

Board of Equalization
Out-of-State District
P.O. Box 188268
Sacramento, CA 95818-8268

Phone: 916-227-6602

Fax: 916-227-6641

For More Information

Board publications

More information regarding California sales and
use tax is available in our publications and
regulations. A complete listing is found in
publication 73, *Your California Seller's Permit*. If
you register, you'll be sent a copy.

You may download copies of many publications
and regulations from our website
(www.boe.ca.gov) or obtain any of them from our
Information Center (800-400-7115).

Publications that may interest you include:

- 1 *Sales and Use Tax Law*
- 17 *Appeals Procedures*
- 51 *Guide to Board of Equalization Services*
- 70 *The California Taxpayers' Bill of Rights*
- 71 *California City and County Sales and
Use Tax Rates*
- 73 *Your California Seller's Permit*
- 75 *Interest and Penalty Payments*
- 76 *Audits*
- 100 *Shipping and Delivery Charges*
- 101 *Sales Delivered Outside California*
- 102 *Sales to the U.S. Government*
- 103 *Sales for Resale*
- 105 *District Taxes and Delivered Sales*
- 108 *When Is Labor Taxable?*
- 109 *Are Your Internet Sales Taxable?*
- 110 *California Use Tax Basics*
- 116 *Sales and Use Tax Records*

There is also a series of publications
designed for specific industries.

Court decisions

To look up court decisions on
nexus issues, see:

[http://caselaw.lp.findlaw.com/cascode/
index.html](http://caselaw.lp.findlaw.com/cascode/index.html)



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